

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SP-02 ICA-20 AID-05 NSC-05
SS-15 STR-07 OMB-01 CEA-01 CIAE-00 INR-10 NSAE-00
INT-05 XMB-04 OPIC-06 NEA-10 L-03 /115 W
-----129182 132105Z /41

P 131805Z APR 78

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 2096

INFO TREAS DEPT WASHDC PRIORITY

USDOC WASHDC PRIORITY

UNCLAS ROME 6911

E.O. 11652: N/A

TAGS: ETRD, IT, LY

SUBJECT: ARAB BOYCOTT--STEEL FOR LIBYA

1. SUMMARY: EMBASSY HAS BEEN VISITED BY OFFICER OF ARMCO
FINSIDER STEEL CO., A FIFTY PERCENT AMERICAN, FIFTY PERCENT ITALIAN
COMPANY ORGANIZED IN ITALY. HAVING SOLD APPROX 750 METRIC TONS
STEEL PRODUCT TO LIBYA THEY HAVE NOW BEEN REQUESTED ON
LETTER OF CREDIT TO FURNISH NEGATIVE CERTIFICATE OF ORIGIN.
ARMCO OFFICIALS IN OHIO HOME OFFICE HAVE DECLARED TERMS UNACCEP-
TABLE. IF IMPOSSIBLE TO HAVE TERMS WITHDRAWN, THEN SALE WOULD
HAVE TO BE REFUSED. FINSIDER, ALREADY IN SOMEWHAT DIFFICULT
POSITION, BALKS AT LOSING DOLS FOUR HUNDRED THOUSAND SALE.
END SUMMARY.

2. TWO ITALIAN OFFICIALS OF ARMCO FINSIDER STEEL COMPANY,
ROME-BASED ITALIAN AMERICAN JOINTLY OWNED COMPANY, HAVE VISITED
EMBASSY TO DISCUSS ARAB BOYCOTT ROBLEM REGARDING LIBYA. HAVING
ALREADY SECURED ORDER FOR ABOUT 750 TONS STEEL HIGHWAY GUARDRAIL
WORTH DOLS FOUR HUNDRED THOUSAND, THEY HAVE NOW BEEN CONFRONTED
WITH A LETTER OF CREDIT WHICH REQUIRES NEGATIVE CERTIFICATE OF
ORIGIN. L/C IS DRAW ON SAHARA BANK IN BENGHAZI.

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3. ARMCO FINSIDER IF FIFTY PERCENT ITALIAN-AND FIFTY PERCENT
AMERICAN-OWNED. THREE ITALIANS AND THREE AMERICANS SIT ON
BOARD OF DIRECTORS. ITALIAN DIRECTOR GENERAL VOTES IN CASES OF
TIE VOTES. FINSIDER PARENT IS MAJOR FINANCIAL HOLDING COMPANY
IN IRON AND STEEL SECTOR. COMMENT; CONTROL APPEARS TO REST
WITH ITALIAN INTERESTS. END COMMENT.

4. LOCAL OFFICIALS HAVE SOUGHT ADVICE OF ARMCO OFFICIALS IN MIDDLETOWN OHIO REGARDING THIS PROBLEM. ARMCO HAS SAID THAT TERMS ARE UNACCEPTABLE AND THAT ORDER MUST BE REFUSED. FURTHER, THEY HAVE SUGGESTED ISSUANCE OF NEW LETTER OF CREDIT WITHOUT SUCH TERMS. LIBYANS HAVE REFUSED. LOCAL ITALIAN OFFICIAL, IN SERIOUS PREDICAMENT, HAS COME TO EMBASSY IN GOOD FAITH, FULLY AWARE THAT HIS VISIT IS TANTAMOUNT TO OFFICIAL NOTIFICATION OF CASE. HE IS ALSO AWARE THAT FINSIDER, IN POSITION SIMILAR TO MANY STEELWORKS IN WESTERN WORLD, WILL NOT TAKE LIGHTLY THE CANCELLATION OF AN ORDER NOT EASILY SECURED. FURTHERMORE, THEY ARE CURRENTLY NEGOTIATING WITH SYRIA FOR A MUCH LARGER ORDER AND FEAR A SIMILAR RESULT.

5. ACTION REQUESTED: PLEASE ADVISE EMBASSY SOONEST WHAT, IF ANY, EXTENUATING CIRCUMSTANCES OF OWNERSHIP OR EXCEPTIONS MIGHT APPLY TO ARMCO FINSIDER IN THIS INSTANCE. NOTE THAT WE HAVE A COPY OF LETTER OF CREDIT DOCUMENT AND WILL FORWARD IT IF USEFUL TO YOU. GARDNER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STEEL, BOYCOTTS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ROME06911
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780159-0746
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780461/aaaabzpj.tel
Line Count: 80
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 00ee39b1-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2981630
Secure: OPEN
Status: NATIVE
Subject: ARAB BOYCOTT--STEEL FOR LIBYA
TAGS: ETRD, IT, LY
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/00ee39b1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014